



**Thursday, June 16, 2022
Administrative Committee**

Call to Order - 8:15 A.M.

There has been a declaration of emergency by the state government, and the Washington State Investment Board, a public agency of the state of Washington, has determined that it cannot hold a meeting of the governing body with members or public attendance in person with reasonable safety because of the emergency. The Administrative Committee meeting will be conducted via Webex video conference, and members of the public will be provided access via teleconference.

1. Call to Order/Roll Call (8:15a)

2. Adoption of Minutes (8:15-8:20)

A. Adoption of the April 21, 2022, Minutes

3. Budget (8:20-8:45)

A. Quarterly Budget Update

B. 2023-2025 Biennial Appropriated Budget and Fiscal Year 2023 Non-Appropriated Budget Requests

4. Policy Review (8:45-8:55)

A. 3 Year Policy Review - Board Ethics Policies

5. Other Items (8:55-9:00)

6. Adjourn (9:00a)

**WASHINGTON STATE INVESTMENT BOARD
Administrative Committee Meeting Minutes
June 16, 2022**

The Administrative Committee met in open public session via Webex video conference, with dial-in access available to the public.

Members Present: Tracy Guerin, Chair
Yona Makowski
Greg Markley
Treasurer Mike Pellicciotti
Joel Sacks

Also Present: Allyson Tucker, Chief Executive Officer
Curt Gavigan, Chief Operating Officer
Celina Verme, Government and Budget Operations Officer
Liz Smith, Legal, Risk and Compliance Director
Stacy Conway, Executive Assistant

Tor Jernudd, Attorney General's Office

CALL TO ORDER

Chair Guerin called the meeting to order at 8:16 a.m. and took roll call; all Committee members listed as present were able to fully participate in the meeting.

ADOPTION OF MINUTES

**Chair Guerin moved to adopt the April 21, 2022, meeting minutes.
Ms. Makowski seconded, and the motion carried unanimously.**

BUDGET

Quarterly Budget Update

Ms. Verme reported that for the period ending March 31, 2022, the appropriated budget had a projected balance of \$2.9 million, an 8.8 percent savings. She noted that this this represents a small increase from the December projection and detailed the areas of savings. Ms. Verme reported that as of March 31, 2022, the projected balance for the non-appropriated budget was \$108.9 million, a savings of 14.7 percent, and she highlighted the areas of savings. The total operating budget is projected to close the fiscal year with a balance of \$111.7 million, a savings of 14.5 percent.

2023-2025 Biennial Appropriated Budget and Fiscal Year 2023 Non-Appropriated Budget Requests

Ms. Verme reminded the Committee that all funding for the operations of the WSIB is derived from the earnings of the managed funds. She reviewed the appropriated and non-appropriated budget processes, described the biennial appropriated budget cycle, the variables in the appropriated budget, and the budget categories, noting that the additional

APPROVED

budget request of \$7.0 million brings the total appropriated budget request to \$80.2 million, or .042 percent of the WSIB's total assets under management. She provided an overview of the appropriated budget request, highlighting investment officer compensation increases and the costs associated with the request for six additional FTEs, and she reviewed the process for determining investment officer compensation and outlined the enhancements afforded by the increase in staff.

Discussion ensued regarding the timing of investment officer compensation increases and the impact on the budget.

Ms. Verme addressed the included budget request of \$3.4 million for six new FTEs across the agency to enhance the WSIB's investment capacity.

Ms. Makowski requested that staff share the draft decision packages before they are submitted to the Office of Financial Management (OFM).

Discussion ensued regarding the need for strong support for the FTE request, which includes two Assistant Senior Investment Officers, two Investment Officers and two administrative support professionals; the process for determining which units and areas of the agency would receive additional staff; and the importance of growing administrative support staff commensurate with the growth in investment staff.

Ms. Verme described the budget cycle of the annual non-appropriated budget and explained the non-appropriated budget process and budget categories, noting some of the challenges in forecasting the non-appropriated budget, including market volatility. She noted that the total non-appropriated budget request of \$740.3 million represents .385 percent of the total assets under management as of March 31, 2022, and she detailed the specific areas of reduction and growth in the non-appropriated budget request.

Ms. Verme noted that the total budget request allows for a series of funding adjustments with no increases to the non-appropriated budget and with an increase to the appropriated budget to remain aligned and competitive and in compliance with investment officer compensation ranges and to enhance investment capacity and maintain investment discipline. The budget request has been designed to protect funds under management and comply with statutorily set fiduciary responsibility.

Discussion ensued regarding non-appropriated expenses that, while not necessarily discretionary, are more controllable than costs that are directly tied to investments activity.

Chair Guerin moved that the Administrative Committee recommend the Board approve the 2023-2025 Biennial Appropriated Budget and Fiscal Year 2023 Non-Appropriated Budget requests as proposed. Ms. Makowski seconded, and the motion carried unanimously.

3 Year Policy Review – Board Ethics Policies

Ms. Smith explained that Board policies are required to be reviewed every 3 years to ensure they remain relevant and appropriate. She summarized the proposed technical revisions to the Conflict of Interest and Recusal Policy 2.00.101, Gifts Policy 2.00.102, Confidentiality and Use of Position Policy 2.00.103, Personal Investments Policy 2.00.104, Travel Reimbursement by Investment Partners and Others Policy 2.00.105, and Sanctions for Violations Policy 2.00.106.

Chair Guerin moved that the Administrative Committee recommend the Board approve the proposed revisions to the Conflict of Interest and Recusal Policy 2.00.101, Gifts Policy 2.00.102, Confidentiality and Use of Position Policy 2.00.103, Personal Investments Policy 2.00.104, Travel Reimbursement by Investment Partners and Others Policy 2.00.105, and Sanctions for Violations Policy 2.00.106. Mr. Markley seconded, and motion carried unanimously.

ADJOURNMENT

There was no further business to come before the Committee, and the meeting adjourned at 8:55 a.m.